

STATE OF CONNECTICUT
DEPARTMENT OF PUBLIC UTILITY CONTROL

DOCKET NO. 98-06-17

DPUC INVESTIGATION INTO BILLING AND METERING PROTOCOLS AND
APPROPRIATE COST-SHARING ALLOCATIONS AMONG ELECTRIC
DISTRIBUTION COMPANIES AND ELECTRIC SUPPLIERS

TESTIMONY OF
GARY A. LONG
ON BEHALF OF CL&P

JULY 22, 1998

INTRODUCTION

1 I.

2 Q. Please state your name, position, and business address.

3 A. My name is Gary A. Long. My position is Vice President - Customer Service and
4 Economic Development for Public Service Company of New Hampshire (PSNH),
5 one of the utility operating companies of Northeast Utilities (NU). My primary
6 business address is 1000 Elm Street, Manchester, New Hampshire.

7

8 Q. In addition to your position as a Vice President for PSNH, do you have other
9 responsibilities within NU?

10 A. Yes. The retail operations of PSNH, of which I am a part, are organized within
11 the Retail Business Group (RBG) of NU. I am on assignment to serve as the
12 RBG officer in charge of overseeing the implementation of retail customer choice
13 of generation services within RBG in each of the three States served by the NU's
14 utility operating companies; namely, New Hampshire, Massachusetts, and
15 Connecticut.

16

17 Q. Please summarize your education and professional experience.

18 A. I received a Bachelor of Science degree in Electrical Engineering from New
19 Mexico State University in 1973 and a Master of Science Degree in Electrical
20 Engineering from Northeastern University in 1981. Prior to joining PSNH, I
21 served as an officer in the United States Air Force.

22 While employed at PSNH and NU, I have acquired extensive experience in the
23 area of cost studies, rates, tariffs, load research, power contracts, marketing, and
24 customer service. In the early 1980's, I directed the development of several
25 PSNH computer systems, including a large power billing system, a load research

1 system, an interval load data management system, and a revenue reporting
2 system.

3 More recently, at PSNH, I directed the negotiation, development and
4 implementation of the Retail Electric Competition Pilot Program for PSNH. This
5 pilot program was the first of its kind when it began in 1996. I have also
6 provided guidance to Western Massachusetts Electric Company in its
7 implementation of retail customer choice in Massachusetts this year.

8

9 Q. Have you testified previously before the Department of Public Utility Control?

10 A. No, although I have testified on numerous occasions before the New Hampshire
11 Public Utilities Commission, and I have submitted written testimony on several
12 occasions before the Federal Energy Regulatory Commission.

13

14 Q. What is the purpose of your testimony?

15 A. The Connecticut Light and Power Company ("CL&P" or the "Company") submits
16 these pre-filed comments in response to the Department of Public Utility Control's
17 ("DPUC" or the "Department") July 2, 1998 Notice of Request for Pre-filed
18 Testimony. In the Notice, the Department asked for the Company's comments on
19 four issues dealing with metering and billing Protocols as follows:

- 20 1. CL&P's technical capabilities to provide metering and billing services;
- 21 2. ISO-NE requirements;
- 22 3. Proposed protocols for delivering metering, billing and collection services; and
- 23 4. Proposed allocation methods for the costs associated with providing metering,
24 billing and collection services.

25 I will address these issues in this testimony.

1

2 **II.**

TECHNICAL CAPABILITIES

3 Q.

Please describe CL&P's technical capabilities with respect to metering and billing services.

5 A:

I believe that there are three factors that demonstrate CL&P's unique capabilities to provide metering and billing services.

7 First, the Company has an established history of providing metering and billing services. The Company billed its first customer in 1881 and has been setting meters for nearly 100 years. Today, CL&P has more than 1.1 million meters which it operates, maintains and reads monthly to render bills.

11 Second, NU's other operating subsidiaries, Public Service of New Hampshire (PSNH) and Western Massachusetts Electric Company (WMECO), have both demonstrated the capability to modify existing systems and, in New Hampshire, deliver these services to competitive electric suppliers. We believe much of this experience may be transferable, and the experience gained has been invaluable. For instance, CL&P utilizes the same billing system as WMECO and that system has already been modified to include the following capabilities:

- 18 • The billing system produces unbundled bills for all classes of customers including unmetered services;
- 20 • The billing system enrolls customers with competitive electric suppliers, and accounts for customer payments to suppliers; and
- 22 • An Electronic Data Interchange (EDI) system has been implemented to handle all routine metering and billing transactions between WMECO and competitive electric suppliers.

1 The third factor demonstrating the Company's technical capabilities is that many
2 CL&P and Northeast Utilities Service Company (NUSCO) employees are already
3 working with suppliers and customers to resolve restructuring related issues. For
4 example, CL&P's Customer Service Representatives are trained to answer
5 Massachusetts customer questions concerning restructuring and competitive electric
6 suppliers. Also, NUSCO employees have conducted the supplier training program
7 jointly sponsored by the Massachusetts Department of Telecommunication and
8 Energy, and the other Massachusetts electric distribution companies.

9
10 Q. How will restructuring in Connecticut impact CL&P's billing system?

11 A. Restructuring in Connecticut will place new requirements on this specialized system. At
12 a minimum, the system will need to be modified to produce unbundled bills in the
13 DPUC approved standard format. The billing format and the detailed guidelines for
14 the billing relationship between distribution companies and electric suppliers will
15 have considerable impact on the design and implementation of system changes. We
16 understand these issues will be determined in DPUC docket 98-06-16.

17
18 Q. Please comment on the Company's experience with respect to collection services.

19 A. As with metering and billing, CL&P has, over many years, demonstrated unique
20 capabilities to handle collection services. CL&P has more than 100 representatives
21 dedicated to collection activity. The Company has a flexible credit and collection
22 system; and makes use of automation such as voice response units and automatic
23 dialers to facilitate the collection process. Restructuring will undoubtedly have
24 major impacts on utility credit and collection systems, which we expect will be
25 explored in DPUC docket 98-06-16.

1 Q. What other factors should the Department consider in addressing the many detailed
2 design issues to be decided in other dockets?

3 A. Utility billing systems are large, complex, computer systems, which generally
4 require a significant amount of time and resources to design, implement and test
5 changes. Utility companies will need as long a lead time as can be permitted to
6 implement and test required changes. The Company believes that three general
7 principles should guide the Department in this and other dockets. First, the
8 Company recommends the Department focus on those issues necessary to resolve in
9 order for retail access to commence as of January 1, 2000. The Company urges the
10 Department to limit consideration to those aspects of the relationships between
11 distribution companies and electric suppliers that must be resolved to implement
12 retail access on the schedule set forth by the legislature, allowing sufficient time to
13 modify existing systems.

14 Second, the Company believes it is desirable to standardize the protocols and
15 business rules which govern distribution companies and electric suppliers in
16 order to facilitate restructuring of the electric industry in Connecticut.

17 However, the protocols or rules should not be overly prescriptive and seek a rigid
18 "one-size-fits-all" approach if this will delay the start of retail access. The
19 differences in metering and billing systems, cost structures and customer mixes
20 among the Utility Companies are a function of many factors and a long history. It
21 would not be practical to force a single approach to address every issue.

22 Third, the Company suggests that certain issues may be impacted by the discussions
23 to be conducted by the Connecticut Energy Advisory Board (CEAB) regarding
24 Metering, Billing and Collection Systems. These issues are, in many cases, highly
25 complex and should be allowed an adequate opportunity to be worked out and
26 further developed in that process. Given the limited scope of this proceeding, and
27 the legislative requirement for further study, a more complete consideration of those

1 issues is not necessary at this time to implement retail choice by the date established
2 in the legislation, January 1, 2000.

3

4 **III. ISO-NE REQUIREMENTS**

5 Q Please comment on what the New England Independent System Operator (ISO)
6 requires of CL&P, to support individual customer choice of their electricity
7 provider.

8 A The ISO requires the operating companies to provide a report, within 36 hours
9 following the end of each day, of supplier hourly loads that reflect the suppliers'
10 mix of customers within each service territory. Information requirements
11 necessary to support this process require the operating companies to have access
12 to hourly system load data (i.e. generation and transmission tie-line data),
13 customer consumption meter reads, customer interval recorder data, customer
14 account information, distribution class for loss allocation, and supplier by
15 customer account. The supplier hourly loads developed from this process are
16 utilized by the ISO to assign costs among NEPOOL participants and for the ISO's
17 market settlement process. To do this the Company must employ a complex load
18 estimation process in addition to using actual metered data.

19

20 Q What is load estimation?

21 A Load estimation, or load profiling, is the standard accepted methodology utilized
22 by the distribution companies to determine competitive supplier hourly loads for
23 the purpose of reporting them to the ISO. NU, through its' other operating
24 companies, WMECO and PSNH, currently utilizes load estimation to determine
25 supplier hourly loads in Massachusetts and New Hampshire in support of open
26 access and retail pilot activity.

27

1 Q. Why does the ISO require supplier hourly loads?

2 A. The ISO requires this information to determine cost allocations among the
3 NEPOOL participants and for market settlement purposes.

4

5 Q. How often are supplier hourly loads reported to the ISO?

6 A. Generally loads are reported within 36 hours following the end of each day. The
7 exceptions to this are loads that would be reported during weekend and holiday
8 periods. These loads are due on the next business day.

9

10 Q. What information is needed to determine supplier hourly loads?

11 A. As stated previously, the required information includes hourly system load data
12 by operating company (i.e. generation and transmission tie-line data), customer
13 consumption meter reads, customer interval recorder data, customer account
14 information (rate code, etc.), distribution class (i.e., primary or secondary) for
15 distribution loss allocation, and supplier by customer account number. Due to the
16 timing of the required reporting and the enormity of the data requirements, it is
17 essential that this information be reliable, complete and readily available.

18

19 **IV. PROPOSED PROTOCOLS**

20 Q. What protocols does the Company suggest for providing metering, billing and
21 collection services?

22 A. The Company recognizes that the primary issue with respect to metering services is
23 providing both the customer and electric supplier with access to accurate metered
24 information to support retail choice. Customers, electric suppliers and distribution
25 companies all need metered information in a timely manner to support competition

1 in the marketplace. Customers need information to intelligently purchase and use
2 their power. Electric suppliers need information to develop, market, and support
3 their product and service offerings. Distribution companies need information to bill
4 customers, to efficiently monitor and operate their distribution system and to
5 provide the necessary ISO reporting. The ISO needs information to assign costs and
6 perform market settlement. CL&P has the expertise to reliably provide this
7 information to customers, suppliers and the ISO in a timely manner.

8 The Company believes the common needs for metering information can quickly and
9 best be met by building on existing systems and using experienced employees. Our
10 intent is to minimize customer confusion as well as to ensure accuracy, and integrity
11 of the metering system and data.

12 The following is a synopsis of the protocols under which the Company proposes to
13 supply metering services to competitive electric suppliers:

- 14 1) Basic Service - Billing Determinants — At a minimum, the Company will
15 provide the monthly billing determinants to the supplier based on the Company's
16 normal meter reading cycle.
- 17 2) Basic Service - Hourly Reporting — The Company will provide an estimate of
18 the supplier's hourly loads to the ISO at no additional charge to the supplier.
- 19 3) Hourly Reporting - Option One — Customers/suppliers who wish to improve
20 the accuracy of their load estimate reported to the ISO, may enter into a service
21 agreement for the Company to install a recording meter. With this option, the
22 Company would provide estimated hourly loads to the ISO based on the specific
23 customer's actual historical load. As part of the service agreement, the
24 supplier/customer will assume responsibility for all costs associated with the
25 installation, ownership and maintenance of the recording meter.
- 26 4) Hourly Reporting - Option Two — Customers/suppliers who opt for actual
27 hourly load data may enter into a service agreement for the Company to acquire

1 and install, for an agreed upon price, the appropriate hourly recording
2 equipment. As a result of this option, the Company would report actual hourly
3 loads to the ISO in lieu of estimated loads. As part of the agreement, the
4 customer/supplier will assume responsibility for the installation and ongoing
5 charges associated with the phone line required under this option.

6 5) Hourly Reporting - Option Three — Customers/suppliers who opt for actual
7 hourly load data and wish to own their own load recording equipment, may
8 enter into a service agreement for the Company to acquire and install, for an
9 agreed upon price, an appropriate interface device. As part of the agreement,
10 the supplier would purchase a Company approved hourly recorder, and provide
11 a Company accessible communications line to the recorder. The Company
12 would thus obtain and report actual hourly reads to the ISO. The supplier may
13 remove both the recorder and the communications line upon termination of the
14 supplier/customer contract.

15 6) Hourly Reporting - Option Four — Customers/suppliers whose needs are not
16 met by Option One through Option Three, may enter into a service agreement
17 for the Company to install any meter or communications device as long as it
18 meets applicable standards, Company requirements; and in the case of a device
19 installed on a Company meter, does not interfere with the operation of that
20 meter. As part of the service agreement, the Company shall assume ownership
21 of the communications device or meter. The supplier shall be responsible for all
22 costs associated with the installation, ownership and maintenance of the
23 communications device or meter.

24 The monthly bill is the primary vehicle by which the Company and competitive electric
25 supplier will remain in contact with the customer. The Company will provide
26 billing service for suppliers:

27 1) That have rate structures that are consistent with the customer's existing rate
28 structure and metering installation. The Company will support different pricing

1 options within the same rate structure. However, a supplier would be unable to
2 assess a demand charge to a customer who does not have a demand meter, or
3 provide “time of use” service to a customer who does not have a suitable meter.

4 2) For which the Company can render bills to customers for generation charges on
5 a monthly basis in conjunction with the customers normal billing cycle.

6 The Company will provide collection services to competitive electric suppliers for
7 both active and inactive receivables.

8 • For active receivables, the Company will provide electric suppliers the identical
9 services that the Company uses for its own active receivables.

10 • For inactive receivables, the Company will, at the suppliers’ option, place those
11 receivables with a third party collection agency or return them to the supplier.

12

13 Q. What are the Company’s plans for providing metering, billing or collection services

14 requested by suppliers or customers which do not meet the standards proposed by
15 the Company.

16 A. The Company is committed to working with interested suppliers and customers to
17 facilitate requests for non-standard or enhanced services as well as innovative value-
18 added services. In such instances, bilateral agreements between the Company and
19 such interested parties would be developed for the implementation of other options,
20 not discussed above, whose development may not even be foreseen. Any
21 incremental cost associated with the non-standard or enhanced service would be the
22 responsibility of the requesting party. Such arrangements may result in modification
23 of any standard service offerings.

24

25 Q. How does the Company suggest that these protocols be implemented?

1 A. The Company suggests that the Department develop or encourage the development
2 of a common set of Terms and Conditions which would govern the relationship
3 among suppliers, distribution companies and customers, similar to the Terms and
4 Conditions that are included as part of the Company tariffs. The Company believes
5 these issues are best addressed in the testimony to be submitted under Docket No.
6 98-06-16.

7

8 **V PROPOSED ALLOCATION METHODS**

9 Q. What does CL&P propose with respect to the allocation of costs?

10 A. The Company believes that costs associated with currently provided services such as
11 on-cycle meter reading should continue to be included in tariffs. However,
12 distribution companies will incur added costs for certain new activities, both
13 mandatory and optional, associated with retail access (e.g., processing a customer's
14 change of supplier, billing and collection for a supplier, providing special load
15 studies or billing analysis, off-cycle meter reading and costs associated with
16 operating value-added networks for transmitting information electronically between
17 suppliers and the distribution company). The Company proposes that fees for
18 mandatory services should be designed to recover the fully allocated cost of the
19 service as well as to allow a fair rate of return. However, the Company proposes
20 that fees for services provided at the option of the buyer should be market based. In
21 either case, the Company would specify the fee for such services in an appendix to
22 its Terms and Conditions to be filed for approval with the Department. Differences
23 in factors such as labor rates and the capabilities of information systems prohibit
24 standard fees for some services across distribution companies.

25 The Company believes customers/suppliers who benefit from new services provided
26 by the Company should bear the entire cost of those activities in addition to an
27 approved rate of return as stated in the law.

1 Additionally, there will be circumstances in which bilateral agreements between the
2 electric supplier and distribution company will be appropriate, such as modifications
3 to computer systems to accommodate a supplier specific request that the Company
4 currently does not support.

5

6 **IV. CONCLUSION**

7 Q. Do you have any additional comments?

8 A. Yes. The Company thanks the Department for this opportunity to comment on the
9 numerous, complex issues associated with moving to customer choice and a
10 competitive generation market. As stated above, the Company urges the
11 Department to focus on the set of issues that need resolution for the implementation
12 of retail access, before reaching final conclusions on longer-term issues. In
13 addition, CL&P recommends that the Department maintain an appropriate degree of
14 flexibility to recognize the reasonable differences that exist among Companies.
15 We look forward to working with the Department and other parties in implementing
16 changes that are needed for a smooth and effective transition to customer choice and
17 a competitive market.

18

19 Q. Does this conclude your testimony?

20 A. Yes, it does.

21